

INTER-OFFICE MEMORANDUM

Office of Accounts and Control

TO: Chief Financial Officers
State Departments and Agencies

DATE: May 2, 1996

FROM: Lawrence C. Franklin, Jr., State Controller *LCF*

SUBJECT: PROCEDURAL HANDBOOK UPDATE -- SECTION A-26

Section A-26 of the Procedural Handbook regarding fiscal year-end and payroll accrual that was updated in April, 1995 and was superseded by an August 23, 1995 revision is being revised again to correct the FY 1996 accrual percentages. This correction will result in changes to future year accrual percentages.

Please review this update and insert it in the appropriate section of the Procedural handbook.

You should also distribute extra copies those staff members who need it.

/hh
CFO:96-37

Enclosure

STATE OF RHODE ISLAND
DEPARTMENT OF ADMINISTRATION
OFFICE OF ACCOUNTS AND CONTROL

SECTION Accounting	POLICY/PROCEDURE NUMBER A-26
SUBSECTION	EFFECTIVE DATE / PAGE NUMBER Jan. 1, 1995 / Page 1 of 2
POLICY/PROCEDURE Fiscal Year-End Payroll Accrual	AMENDMENT / REVISION 1 / 2

Annually, on June 30th of each year, the State Controller's Office charges accrued payroll costs to all accounts that normally have payroll charges. The purpose of this accrual is to comply with the basic principles of accounting by recognizing expenditures in the period incurred.

The payroll accrual charges represent a percentage of the last payroll period amounts charged in the fiscal year. This percentage correlates approximately to the number of weekdays within a payroll period that remain unpaid at the end of the fiscal year. Over the course of an eleven-year cycle, the unpaid days accumulate to a full pay period. This full payroll period is charged as an expense to several fiscal years during the eleven-year period.

The payroll accrual will be assessed at the end of each fiscal year and will be reversed in each subsequent fiscal year in accordance with the table below.

		NO. PAYROLL PERIODS	PRIOR YEAR ACCRUAL	CURRENT YEAR ACCRUAL	PAYROLLS CHARGED TO CURRENT PERIOD	
FY	1996	26	(0.5)	0.6	26.1	(leap year)
FY	1997	26	(0.6)	0.7	26.1	
FY	1998	26	(0.7)	0.8	26.1	
FY	1999	26	(0.8)	0.9	26.1	
FY	2000	26	(0.9)	1.0 *	26.1	(leap year)
FY	2001	26	(1.0)	1.0 *	26.1 26.0	
FY	2002	26	(0.0)	0.1 *	26.0 26.1	
FY	2003	26	(0.1)	0.2	26.1	
FY	2004	26	(0.2)	0.3	26.1	(leap year)
FY	2005	26	(0.3)	0.4	26.1	

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POLICY/PROCEDURE Fiscal Year-End Payroll Accrual	AMENDMENT 1	/	REVISION 2

		NO. PAYROLL PERIODS	PRIOR YEAR ACCRUAL	CURRENT YEAR ACCRUAL	PAYROLLS CHARGED TO CURRENT PERIOD	
FY	2006	26	(0.4)	0.5	26.1	
FY	2007	26	(0.5)	0.6	26.1	
FY	2008	26	(0.6)	0.7	26.1	(leap year)
FY	2009	26	(0.7)	0.8	26.1	
FY	2010	26	(0.8)	0.9 *	26.1	
FY	2011	26	(0.9)	1.0 *	26.1	
FY	2012	26	(1.0)	1.0 *	26.0	(leap year)
FY	2013	26	(0.0)	0.1	26.1	
FY	2014	26	(0.1)	0.2	26.1	
FY	2015	26	(0.2)	0.3	26.1	
FY	2016	26	(0.3)	0.4	26.1	(leap year)
FY	2017	26	(0.4)	0.5	26.1	

* Depending upon the date of the first payday in July, this transaction might be recorded as regular payroll charge in the current period and not as an accrual.